

FISCAL NOTE
HB 3136 - SB 3072

March 22, 2002

SUMMARY OF BILL: Enacts the *Education Reform Act of 2002*. The bill provides for the following, which includes:

- Requires the course of instruction in grades K-3 to include reading instruction and annual diagnostic testing of reading and writing ability.
- Authorizes the Commissioner of Education to make grants to LEAs for schools serving students identified as less than proficient in reading. Grants would be made for two-year periods and could be renewed. The bill also authorizes grants for programs of intervention, mentoring programs, and family resource centers.
- Beginning July 1, 2004, the grants provided to LEAs statewide under the Education Reform Act of 2002 and not otherwise designated for inclusion in the BEP, shall be subject to a 25% match by the LEAs, adjusted for the LEAs' fiscal capacity according to the BEP formula. The match requirement may be satisfied by local or contributed funds or by personnel or volunteer or by other in-kind expenses assumed by or on behalf of the LEA.
- By May 1, 2003, the commissioner is required to contract with at least one institution of higher learning in each grand division belonging to the Tennessee reading collaborative to provide ongoing professional development in reading.
- Creates the Office of Reading and Literacy in the Department of Education. This office would oversee and implement the reading proficiency programs set out by this bill. The Office of Education Accountability is authorized to evaluate the effectiveness of the reading programs.
- Requires the commissioner to furnish a program to the State Board of Education that provides intervention for 7th and 12th grade students at risk of failing high school graduation tests including assessment and parental notification of the likelihood of failure. An intervention program would be developed by the local school in conjunction with the student and the parents.
- Requires each LEA to identify 15 or more eligible children who are at least four years of age to offer preschool classes by the beginning of the 2006-2007 school year. The bill deletes the present funding requirements for preschool that are based on income and would authorize the commissioner to provide grants to LEAs for existing preschool pilot projects or to make new two-year grants. Priority to preschool grants would be given to children, living in the service area of the LEA with the highest percentage of children who qualify for free and reduced lunch, who are determined to be at risk of educational failure. BEP funding must include preschool funding based upon average daily membership (ADM) by July 1, 2008. The ADM of preschool pilot projects would be included in the BEP beginning July 1, 2004.

HB 3136 - SB 3072

- Raises the maximum number of teachers from 25 to 100 who can be reimbursed for evaluation fees incurred while obtaining certification by the National Board for Professional Teaching Standards. The bill would require payment of \$2,500 per year to nationally certified public school teachers who have a valid teaching license and valid certification, subject to funding in the general appropriations act.
- Creates a scholarship program for college juniors, seniors, post-graduate students, and currently licensed teachers seeking an advanced reading specialist degree who pledge to teach in public schools for six years. The Tennessee Student Assistance Corporation (TSAC) would administer the scholarship program and provide the Department of Education with rosters of program participants and their areas of endorsement for job placement.
- Requires the commissioner to present a remedial plan to the State Board of Education for a school that remains on probation for two years. The commissioner would be required to provide copies of the plan to the Joint Oversight Committee on Education and the Office of Education Accountability.
- Requires that at least one family resource center must be available to families in each county by the beginning of the 2003-04 school year. Any two or more LEAs are authorized to join together to establish a center.
- Authorizes the commissioner to implement a *Teaching as a Second Career Program* on the basis of competitive grants to colleges and universities in partnership with LEAs.
- Creates a mentoring program with the commissioner establishing the criteria for such mentors. Mentors would be existing teachers who would receive extra pay for their mentoring duties. Any salary supplement for mentors would be included in the general appropriations act.
- Increases the annual supplies funding from \$200 to \$300 per teacher in grades preschool through 12. Of this amount, \$200 would be required to be spent on instructional supplies and the remaining \$100 would be spent according to the decision of a committee of teachers.
- Requires the Joint Education Oversight Committee to gather information through public hearings regarding the adequacy of education in this state and to file a report on its findings by January 1, 2004, with the Chief Clerk and Speaker of each House, and the chairs of the House and Senate Education Committees.
- Prohibits the expenditure of public funds under this bill in violation of Title VI of the Civil Rights Act of 1964.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$70,000,000 Reflected in Governor's
2002-2003 Budget**

Increase Local Govt. Expenditures* - Exceeds \$1,000,000

Other Fiscal Impact: Increase Federal Expenditures - \$19,965,000

HB 3136 - SB 3072

The Reading Initiative has five components: Reading Coaches; Early Childhood Education; Catching Up; Teaching Resources-Quality Teaching; and Teaching Resources-Classroom Materials. Details of the estimate are shown below:

	State	REA	ESEA	Total
Reading	\$10,040,000	\$11,000,000	\$2,000,000	\$23,040,000
Early Childhood Ed.	40,300,000			40,300,000
Early Childhood	35,300,000			35,300,000
Family Resource Centers*	5,000,000			5,000,000
Catching Up	11,100,000		\$5,500,000	16,600,000
Quality Teaching	2,960,000		1,465,000	4,425,000
Scholarships	885,000			885,000
2nd Career			800,000	800,000
Mentoring	1,800,000		665,000	2,465,000
National Board	275,000			275,000
Teaching Resources	5,600,000			5,600,000
Total	<u>\$70,000,000</u>	<u>\$11,000,000</u>	<u>\$8,965,000</u>	<u>\$89,965,000</u>

REA - Reading Excellence Act

ESEA - Elementary and Secondary Education Act (No Child Left Behind)

Reading Initiative

I. Reading Coaches

To provide funding for programs that would make reading by the end of the third grade a priority and build upon those reading skills. This will be accomplished by extending the federal Reading Excellence Act (REA) grant to an additional 40 schools. The combination of federal and state funds will allow a total of 100 schools to be served. In addition, every K-3 teacher will have access to 10 days of online reading training developed through a partnership between the Department of Education and higher education institutions. The state cost of this component of the reading initiative is \$10,040,000 and the federal cost is \$13,000,000.

II. Early Childhood Education

To provide funding for the first phase of an early childhood education program serving Tennessee's 4-year-old children. The first phase is directed toward educationally at-risk children and will serve an additional 7,140 4-year-old children. This component is the first phase of a five-year plan to offer early childhood education to all 4-year-olds in Tennessee by the 2006-07 school year.

This initiative includes \$35,300,000 in state funds to cover Phase 1 (2002-2003) of the academic initiative. Included in this amount is \$294,000 for materials and staff to monitor the programs. Also included in the initiative is \$5,000,000 to increase the number and funding level of family resource centers, allowing funding for a minimum of one center per county. Local government expenditures are estimated to increase in an amount exceeding \$1,000,000 to fund local government's share of the additional resource centers required by the bill. The

state cost of this component is \$40,300,000 and the local government cost is estimated to exceed \$1,000,000.

III. Catching Up

To provide funding to aid all students in passing the Gateway tests. This initiative will provide \$14,100,000 from state and federal funds for targeted catch-up activities for seventh, eighth, and ninth grade students who are at risk of failing the Gateway tests. In addition, this component includes \$2,500,000 for on-line professional development for teachers in the Gateway subjects. The state cost of this component is \$11,100,000 and the federal cost is \$5,500,000.

IV. Teaching Resources - Quality Teaching

To provide funding to address K-12 teacher recruitment and retention. This component includes \$885,000 for an enhanced scholarship program targeted to specific subject areas where shortages exist; \$2,500,000 and three positions for a mentoring program to help train and provide support for new teachers; \$275,000 to assist teachers to obtain national board certification; \$800,000 for Teaching as a Second Career, a K-12 teacher certification initiative to encourage professionals to earn teaching certificates in their fields. The state cost of this component is \$2,960,000 and the federal cost is \$1,465,000.

V. Teaching Resources - Classroom Materials

To provide an additional \$100 per teacher for approximately 56,000 teachers for classroom materials. The state cost of this component is \$5,600,000.

The Governor's 2002-2003 budget includes \$70,000,000 in state funding and \$19,965,000 in federal funding for the Reading Initiative.

Note: To the extent grants provided to LEAs statewide, under the Education Reform Act of 2002 and not otherwise included in the BEP, are subject to a 25% match by the LEAs beginning July 1, 2004, local government expenditures are estimated to increase. Such increase cannot be determined but is estimated to be significant.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



HB 3136 - SB 3072

James A. Davenport, Executive Director

HB 3136 - SB 3072